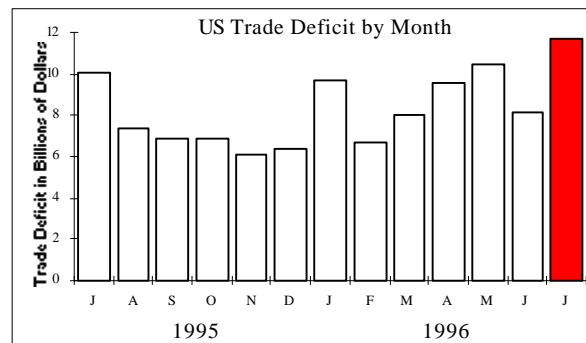
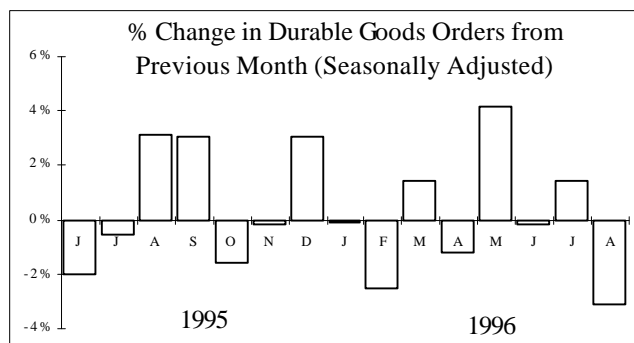


# The Economic Bulletin

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### DURABLE GOODS ORDERS FALL IN AUGUST

The Commerce Department reported that seasonally adjusted durable goods orders fell 3.1% in August, the largest drop in 16 months. New orders declined for all categories, except defense capital goods, which rose 9% following a 41% decline in July. In addition, unfilled orders for durable goods fell 0.3% in August, the first decline since April. The decline in new orders, along with the shrinking value of unfilled orders provides evidence to indicate that the economy is moderating and that the recent decision by the Federal Reserve not to raise interest rates was justified.

### TRADE DEFICIT JUMPS 43% IN JULY

The Commerce Department reported that the trade deficit increased 43% in July to \$11.68 billion, the largest monthly level in 8 years. Falling exports and increasing imports both contributed to this result. The fall in exports was associated with weak European demand and the increase in imports was associated with increases in volume and price of oil imports, as well as substantial increases in automobile and computer imports. This increase in the deficit is likely to adversely affect the third quarter GDP growth rate. Noteworthy is a 33% increase in the deficit with Japan, which allowed Japan to regain from China the position of the country with which the US has the largest deficit.

### RUSSIAN GDP 8% LOWER

The Russian Government reported that the GDP in the first 8 months of 1996 was 8% lower than in the same period in 1995, much larger than the 2.6% decline reported for the same period last year.

### IMF TO GRANT DEBT RELIEF TO BOSNIA

The International Monetary Fund (IMF) reported that it intends to reach an agreement with Bosnia by the end of 1996 that would result in debt relief effective early 1996. The IMF has also reported that the pace of economic reconstruction has accelerated recently over the past few months, but that improvements have been uneven.

### FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Oct 4</u>	<u>Sept 27</u>		<u>Oct 4</u>	<u>Sept 27</u>
Crude Oil (Foreign)	22.02	21.15	DM (Germany)	1.53	1.52
Crude Oil (Domestic)	24.73	24.60	Yen (Japan)	111.49	110.70
Pound (UK)	0.639	0.641	Peso (Mexico)	7.54	7.54
Ruble (CIS)	5413	5404	Won (S. Korea)	823	821

The Economic Bulletin is published by the Office of the Assistant Secretary of the Army (FM&C), SAFM-RB. Should you have any questions or comments please contact Dr. Robert Raynsford at (703)697-2281 (DSN 227-2281). This publication is available on the Internet World Wide Web ([http://134.11.192.15/pubs/eco\\_bltm/economic.htm](http://134.11.192.15/pubs/eco_bltm/economic.htm)). Contact WELTZLJ@HQDA.ARMY.MIL for more information.